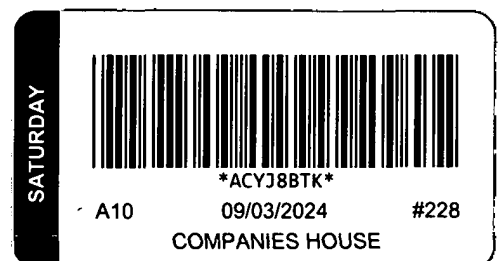


Company Registered Number: 06256143

EDEN AUTOMOTIVE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



EDEN AUTOMOTIVE LIMITED

COMPANY INFORMATION

Directors	G J Potts N Hadley S P Belcher
Company secretary	N Hadley
Registered number	06256143
Registered office	38-40 Portman Road Reading Berkshire RG30 1JG
Independent auditor	MHA Colchester Business Park 910 The Crescent Colchester Essex CO4 9YQ
Bankers	Barclays Bank plc 15 Colmore Row B3 2BH

EDEN AUTOMOTIVE LIMITED

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EDEN AUTOMOTIVE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present the Strategic Report of Eden Automotive Limited (the "Company") for the year ended 31 December 2022.

The Company is a Motor Retailer, operating dealerships throughout the South Midlands, South East and South West of England, with franchise relationships with Vauxhall Motors (a trading brand of Group PSA, which became part of Stellantis in early 2021).

The principal objective of the Company is to focus on selling New and Used vehicles and associated after sales services, to retail and local business customers, profitably and with outstanding customer and colleague satisfaction.

As a subsidiary of Eden Automotive Investments Limited (trading as Eden Motor Group), the Company benefits from a range of infrastructure and support services provided to enhance business efficiency, customer experience and team development.

Business review

Turnover for the year ended 31 December 2022 was £206.5 million (2021 - £219.0 million), an increase of 21.6% on last year. Loss before tax was £1,280,167 (2021 - profit of £2,340,114).

The Company's trading results for the year and the financial position at the end of the year are shown in the attached financial statements.

The trading performance for the Company was impacted during the year by limitations in the supply of New Vehicles which created lead times that hadn't been seen before and in turn this reduced the availability of used cars through part exchange.

With New Vehicle production being targeted at Retail customers this created a further limitation in the availability of used cars as Fleets extended the lease periods due to both low utilisation of the vehicles over the pandemic and the New Vehicle supply constraints and slowed the replacement cycle of the vehicles.

Therefore, the Company had to find alternative sources of used vehicle stock, this has affected the volume and profitability of these vehicles.

The company invested heavily into central services in response to these market conditions with the objective to provide customers with a better experience.

The conflict in the Ukraine and continued supply chain issues affecting the OEM created significant delays in the supply of replacement parts. This led to a backlog in customer vehicle repairs and required significant investment into courtesy vehicles in order to meet the customers' needs of mobility.

A competitive labour market for technicians affected retention and recruitment, this has affected the sale of hours and led to investment recruitment and training of new colleagues.

Principal risks and uncertainties

The management of the business and the nature of the Company's strategy are subject to a number of risks. The Directors have set out below the principal risks facing the business.

Manufacturer supply of new and improved products

The Company is reliant on new vehicle products from manufacturers. This exposes the Company to risks in a number of areas as the Company is dependent on its manufacturers/suppliers in respect of:

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

- Page 2

EDEN AUTOMOTIVE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors are confident that future new products from its manufacturers/suppliers will continue to be competitively priced and high quality and therefore consider that this "manufacturer risk" is minimal. It is, in any case, mitigated by other core business areas of the Company, including used vehicle sales, parts sales and service work.

Economic downturn

The success of the business is reliant on consumer spending. An economic downturn, resulting in a reduction of consumer spending power may have a direct impact of the income achieved by the Company. In response to this risk, Senior Management aim to keep abreast on economic conditions. In cases of severe economic downturn, marketing and pricing strategies are modified to reflect the new market conditions.

Financial risk management objectives and policies

The Company uses various financial instruments which include bank, financial institution and stocking loans, cash and various items, such as consignment stock, trade debtors and trade creditors that arise directly from its operations. Their existence exposes the Company to a number of financial risks. The main risks arising from the financial instruments are interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks which are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The Company finances its operations through a mixture of bank and other external borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities. The Balance Sheet includes trade debtors and creditors which do not attract interest and are therefore not subject to the interest rate risk. The Company policy throughout the period has been to achieve its objective of managing interest rate risk through day to day involvement of management in business decisions rather than through setting maximum or minimum levels for the level of fixed interest rate borrowings.

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from trade debtors. In order to manage credit risk, the Directors set credit limits for customers based on a combination of payment history and third party credit references. Credit limits for customers are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Liquidity risk

The Company seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash asset safely and profitably. The Company's policy throughout the year has been to achieve this objective through day to day involvement of management in business decisions rather than through setting maximum or minimum liquidity ratios.

Financial key performance indicators

The Directors have monitored the progress of the overall Company strategy and the individual strategic elements by reference to gross margin and operating profit which are set out in the attached accounts. A key non-financial key performance indicator is new vehicle units which were 1,784 (2021 - 2,079) in the year.

EDEN AUTOMOTIVE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022


Other key performance indicators

Customer Satisfaction Indices (CSI), Manufacturer market share, Used to New vehicle ratios and overhead absorption are the other key performance indicators.

Directors' statement of compliance with duty to promote the success of the Company

Section 172(1) of the Companies Act 2006 requires the Directors of an entity to act in the way they consider, in good faith, would be most likely to promote the success of the entity for the benefit of its Members as a whole. As part of their deliberations and decision making process the Directors have taken into account the following:

This report was approved by the Board on and signed on its behalf.


.....
S P Belcher
Director
Date: 1/3/2024

EDEN AUTOMOTIVE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company is to focus on selling new and used vehicles and associated after sales services to retail and local business customers.

Results and dividends

The loss for the year, after taxation, amounted to £1,041,311 (2021 - profit £1,813,213).

The Directors have not recommended or paid a dividend (2021 - £NIL).

Directors

The Directors who served during the year were:

G J Potts
N Hadley
S P Belcher

EDEN AUTOMOTIVE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Matters covered in the Strategic Report

In accordance with Section 414c (ii) of the Companies Act 2006, the Directors have chosen to include the following items in the Strategic Report:

- Business review
- Principal risks and uncertainties
- Future development

Disclosure of information to auditor

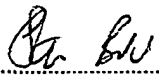
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Following a rebranding exercise on 15 May 2023 the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA. MHA will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.


.....
S P Belcher
Director
Date: 1/3/2024

EDEN AUTOMOTIVE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDEN AUTOMOTIVE LIMITED

Opinion

We have audited the financial statements of Eden Automotive Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that uncertainty exists over the ability to pay expenses as they fall due within the foreseeable future. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

EDEN AUTOMOTIVE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDEN AUTOMOTIVE LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

EDEN AUTOMOTIVE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDEN AUTOMOTIVE LIMITED
(CONTINUED)**

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Enquiry of staff to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

EDEN AUTOMOTIVE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDEN AUTOMOTIVE LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Cara Miller ACCA (Senior Statutory Auditor)
for and on behalf of
MHA
Statutory Auditor
Colchester, United Kingdom
Date: 06 March 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

EDEN AUTOMOTIVE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	206,536,154	218,994,832
Cost of sales		(182,057,386)	(193,899,125)
Gross profit		24,478,768	25,095,707
Distribution costs		(1,060,500)	(801,247)
Administrative expenses		(24,231,498)	(22,464,779)
Other operating income	5	-	799,089
Operating (loss)/profit	6	(813,230)	2,628,770
Interest receivable and similar income	10	405	-
Interest payable and similar expenses	11	(467,342)	(288,656)
(Loss)/profit before tax		(1,280,167)	2,340,114
Tax on (loss)/profit	12	238,856	(526,901)
(Loss)/profit for the financial year		(1,041,311)	1,813,213

There was no other comprehensive income for 2022 (2021 - £NIL).

The notes on pages 14 to 30 form part of these financial statements.

EDEN AUTOMOTIVE LIMITED
REGISTERED NUMBER: 06256143

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	14		8,374,353		8,490,966
Intangible assets	13		-		-
			<u>8,374,353</u>		<u>8,490,966</u>
Current assets					
Stocks	15	21,115,548		21,619,410	
Debtors: Amounts falling due within one year	16	8,130,771		9,182,938	
Cash at bank and in hand	17	12,034,854		12,210,531	
		<u>41,281,173</u>		<u>43,012,879</u>	
Creditors: Amounts falling due within one year	18	(28,121,118)		(28,815,594)	
Net current assets			<u>13,160,055</u>		<u>14,197,285</u>
Provisions for liabilities					
Deferred tax	19		-		(112,532)
Net assets			<u>21,534,408</u>		<u>22,575,719</u>
Capital and reserves					
Called up share capital	20	2,529,412		2,529,412	
Capital redemption reserve	21	1,220,588		1,220,588	
Profit and loss account	21	17,784,408		18,825,719	
		<u>21,534,408</u>		<u>22,575,719</u>	

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



S P Belcher

Director

Date: 1/3/2024

The notes on pages 14 to 30 form part of these financial statements.

EDEN AUTOMOTIVE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2021	2,529,412	1,220,588	17,012,506	20,762,506
Comprehensive Income				
Profit for the year	-	-	1,813,213	1,813,213
At 1 January 2022	2,529,412	1,220,588	18,825,719	22,575,719
Comprehensive income				
Loss for the year	-	-	(1,041,311)	(1,041,311)
At 31 December 2022	2,529,412	1,220,588	17,784,408	21,534,408

The notes on pages 14 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Eden Automotive Limited is a private company limited by shares incorporated in England and Wales. The Company registered number is 06256143. The Company's registered office address is 38-40 Portman Road, Reading, Berkshire, RG30 1JG.

2.1 Basis of preparation of financial statements

The financial statements are presented in Pound Sterling which is the functional currency of the Company and have been rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 3).

The following principal accounting policies have been applied:

The Company/ has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Eden Automotive Investments Limited as at 31 December 2022 and these financial statements may be obtained from Companies House.

EDEN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

The Directors have assessed the going concern status of the Company. That assessment includes changes in interest rates and inflationary pressures. It also considers both the national and global economic climate.

The Company is a fully owned subsidiary of Eden Automotive Investments Limited. Eden Automotive Investments Limited holds the funding arrangements for the Group, which are then used to support the liquidity of the Company.

The existing funding arrangements are due to expire on 31 January 2025. The Directors expect the funding arrangements to be renewed for a further 12 months but accept that there is a risk that they are not renewed. If that is the case then the Directors acknowledge that the Group and Company may not have sufficient liquid resources and access to future resources to enable the Group and Company to cover its costs and pay its liabilities for the next 12 months from the date of approval of these financial statements.

Consequently, the Directors have concluded that there exists a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern for the next 12 months from the date of approval of these financial statements.

During the year, the Group has renegotiated its financing arrangements. This resulted in a new facility being agreed which is due to expire in January 2025. The Directors are confident that the facility will be renewed. However, this expiry occurs less than 12 months after the approval of these financial statements, so does raise an uncertainty around the going concern basis being applied.

The business is trading ahead of the same period last year and the forecasts for 2024 and the Directors believe that the business and the markets are better placed now (at the time of signing) than they were in the final 6 months of 2023. The business is in a better position because of various measures taken including cost reduction and improved management focus.

As part of the newly agreed finance package, the Group agreed to new covenant tests. In order to assess expected future compliance with these covenants, the Directors have prepared detailed forecasts and cash flow analysis, considering the covenants and headroom achieved on them.

The Directors note that if the planned headroom to achieve covenant compliance is not reached, they will implement cost cutting and cash flow management measures as appropriate to ensure the ongoing compliance with the covenants and viability of the Group and Company.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sales of motor vehicles, parts and accessories are recognised upon delivery to the customer together with the associated manufacturer vehicles bonus income. Any other manufacturer income in relation to achieving targets is recognised on an accruals basis within cost of sales. Servicing turnover is recognised on the completion of the agreed work.

EDEN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.5 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

EDEN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful economic life. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Negative goodwill represents the excess of the fair values of the identifiable net assets acquired over the fair value of the consideration given, is capitalised and is amortised over the period of use or depreciation of the non-monetary assets acquired.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
Negative goodwill	-	5	years

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

EDEN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.10 Tangible fixed assets (continued)**

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Long-term leasehold property	- 25 years or life of the lease
Plant and machinery	- up to a maximum of 10 years
Fixtures and fittings	- up to a maximum of 10 years
Other fixed assets	- between 3 to 6 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Under supply agreements with General Motors, the Company has access to 'consignment stock' during a consignment period. Where the nature of these supply agreements transfers risks and rewards to the Company, which in substance gives the Company control over stock during the consignment period and liabilities in respect of holding costs, the Company recognised these stocks in the Balance Sheet together with an equivalent liability.

Where supply agreements do not provide risks and rewards to the Company until such time as legal title actually passes at the end of the consignment period, this stock is not included in the Balance Sheet.

Stock is often purchased using vehicle stocking loans. Such loans are included within trade creditors (see Note 18).

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

EDEN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

EDEN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

3.1 Critical management judgement in applying accounting policies

a) Economic factors

The imposition of further COVID-19 lockdown restrictions from January to March 2021 had an unavoidable negative impact on activity levels in both vehicle sales and the aftermarket. Thereafter, whilst consumer demand has recovered to near normal levels, the global shortage of semi-conductors has materially impacted new vehicle supplies from all OEMs. This in turn has reinforced both wholesale and retail used car values.

This upward pricing effect, added to significant increases in RPI throughout the year, has contributed to sales volume decline. However, strengthened margins have, despite our own unavoidable cost increases, mitigated to a large extent the impact of reduced sales volumes.

3.2 Key sources of estimation

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

a) Determining net realisable value of inventories

In determining the net realisable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The Company's core business is continuously subject to rapid technology changes which may cause inventory obsolescence. Moreover, future realisation of the carrying amounts of inventories is affected by price changes in different market segments. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Company inventories within the next financial reporting period.

b) Estimating useful lives of property, plant and equipment and goodwill

The Company estimates the useful lives of property, plant and equipment and goodwill based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and goodwill are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Based on management's assessment as at 31 December 2022, there is no change in estimated useful lives of those assets during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

EDEN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty
(continued)

3.2 Key sources of estimation (continued)

c) Estimating value of intangibles acquired on acquisitions

In identifying intangible assets on acquisition, management utilise the most reliable evidence available. The remaining balance relating to the excess of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is then recognised as goodwill (Note 13).

Based on management's assessment as at 31 December 2022, there were no separately identifiable intangible assets to capitalise.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Vehicles	182,937,743	195,601,354
Service	13,274,609	12,797,077
Parts	10,323,802	10,596,401
	<u>206,536,154</u>	<u>218,994,832</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £	2021 £
Government grants receivable	-	799,089
	<u>-</u>	<u>799,089</u>

Government grants receivable relates entirely to funding received from the government's Coronavirus Job Retention Scheme.

There were no unfulfilled conditions or contingencies attached to the government grants above.

EDEN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Operating (loss)/profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	417,537	446,892
Other operating lease rentals	1,132,128	1,022,606
Loss/(profit) on disposal of tangible fixed assets	140	(60,877)
	<u>1,549,805</u>	<u>1,408,621</u>

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	45,360	37,800
	<u>45,360</u>	<u>37,800</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	15,642,022	15,302,292
Social security costs	1,712,342	1,609,692
Pension costs	606,726	509,893
	<u>17,961,090</u>	<u>17,421,877</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Sales	146	146
Aftersales	210	210
Administration	122	121
	<u>478</u>	<u>477</u>

EDEN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	671,584	659,691
Company contributions to defined contribution pension schemes	32,650	29,400
	<u>704,234</u>	<u>719,091</u>

During the year retirement benefits were accruing to 3 Directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £NIL (2021 - £300,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2021 - £12,000).

10. Interest receivable

	2022 £	2021 £
Bank interest receivable	405	-
	<u>405</u>	<u>-</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Vehicle stocking charges	467,342	288,656
	<u>467,342</u>	<u>288,656</u>

EDEN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	399,369
Total current tax	-	399,369
Deferred tax		
Origination and reversal of timing differences	(238,856)	131,796
Effect of tax rate change on opening balance	-	(4,624)
Adjustment in respect of previous periods	-	360
Total deferred tax	(238,856)	127,532
Taxation on (loss)/profit on ordinary activities	(238,856)	526,901

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	(1,280,167)	2,340,114
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(243,232)	444,622
Effects of:		
Expenses not deductible for tax purposes	11,527	12,994
Fixed asset differences	50,175	41,917
Adjustments to deferred tax charge in respect of prior periods	-	360
Remeasurement of deferred tax for changes in tax rates	(57,326)	27,008
Total tax charge for the year	(238,856)	526,901

EDEN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Taxation (continued)**Factors that may affect future tax charges**

An increase in the UK corporation tax rate from 19% to 25% was substantively enacted in June 2021 and will take effect from 1 April 2023 for profits over £250,000. For profits under £50,000 the tax rate will remain the same at 19% and for profits between these figures it will be subject to 25% but reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

13. Intangible assets

	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2022	1,975,612	(353,230)	1,622,382
At 31 December 2022	1,975,612	(353,230)	1,622,382
Amortisation			
At 1 January 2022	1,975,612	(353,230)	1,622,382
At 31 December 2022	1,975,612	(353,230)	1,622,382
Net book value			
At 31 December 2022	-	-	-
At 31 December 2021	-	-	-

EDEN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Other fixed assets £	Total £
Cost						
At 1 January 2022	7,187,536	2,327,628	1,616,073	1,165,666	1,603,472	13,900,375
Additions	-	5,601	59,197	10,500	225,766	301,064
Disposals	-	-	(616)	-	(15,178)	(15,794)
At 31 December 2022	<u>7,187,536</u>	<u>2,333,229</u>	<u>1,674,654</u>	<u>1,176,166</u>	<u>1,814,060</u>	<u>14,185,645</u>
Depreciation						
At 1 January 2022	1,009,609	854,057	1,365,163	1,038,327	1,142,253	5,409,409
Charge for the year on owned assets	103,648	13,329	94,193	45,116	161,251	417,537
Disposals	-	-	(616)	-	(15,038)	(15,654)
At 31 December 2022	<u>1,113,257</u>	<u>867,386</u>	<u>1,458,740</u>	<u>1,083,443</u>	<u>1,288,466</u>	<u>5,811,292</u>
Net book value						
At 31 December 2022	<u>6,074,279</u>	<u>1,465,843</u>	<u>215,914</u>	<u>92,723</u>	<u>525,594</u>	<u>8,374,353</u>
At 31 December 2021	<u>6,177,927</u>	<u>1,473,571</u>	<u>250,910</u>	<u>127,339</u>	<u>461,219</u>	<u>8,490,966</u>

Included within 'Freehold property' is land at a carrying value of £4,018,633 (2021 - £4,018,633) which is not depreciated.

EDEN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Stocks

	2022 £	2021 £
Consignment Stock	7,542,836	4,438,784
Finished Goods	13,572,712	17,180,626
	<u>21,115,548</u>	<u>21,619,410</u>

Vehicle stock includes all new vehicles that are not consigned to the Company from the vehicle manufacturers. The corresponding liability to pay for the vehicles is included in consignment stock creditor within Creditors: Amounts falling due within one year.

A net impairment loss of £5,801 (2021 - gain of £158,348) was recognised as a cost against stock during the year due to slow-moving and obsolete stock.

16. Debtors: Amounts falling due within one year

	2022 £	As restated 2021 £
Trade debtors	1,720,023	1,393,985
Amounts owed by group undertakings	3,207,632	4,071,045
Other debtors	1,589,628	1,784,226
Prepayments and accrued income	1,487,164	1,933,682
Deferred taxation	126,324	-
	<u>8,130,771</u>	<u>9,182,938</u>

A prior year adjustment has been made where it was confirmed that the accounting for consignment stock had been duplicated. Debtors and creditors have been both reduced by £4,998,614 accordingly.

17. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	12,034,854	12,210,531
Less: bank overdrafts	-	(2,485,097)
	<u>12,034,854</u>	<u>9,725,434</u>

EDEN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Creditors: Amounts falling due within one year

	2022	As restated 2021
	£	£
Bank overdrafts	-	2,485,097
Trade creditors	16,477,089	18,497,761
Consignment stock creditor	7,626,577	4,438,784
Other taxation and social security	53,120	62,051
Other creditors	2,240,681	1,431,096
Accruals and deferred income	1,723,651	1,900,805
	<u>28,121,118</u>	<u>28,815,594</u>

Secured creditors

The bank overdraft is secured by way of a debenture, together with a mixture of fixed charges and floating charges over certain property and other assets of the Company.

Vehicle stocking loans and other monies due to GMAC UK Finance Plc and Lombard North Central Plc are secured by certain fixed and floating charges over the assets of Company.

The Company has access to a Group overdraft facility of £5m. The £5m is a net position taking into account all positive and negative cash positions across the Group.

19. Deferred taxation

	2022	2021
	£	£
Deferred tax liability/(asset) at 1 January	112,532	(15,000)
Charged to profit or loss	(238,856)	127,532
Deferred tax liability at 31 December	<u>(126,324)</u>	<u>112,532</u>

EDEN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	263,857	179,785
Tax losses carried forward	(327,681)	-
Short term timing differences	(62,500)	(67,253)
	<u>(126,324)</u>	<u>112,532</u>

20. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2,150,000 (2021 - 2,150,000) Ordinary shares of £1 each	2,150,000	2,150,000
379,412 (2021 - 379,412) Ordinary 'A' shares of £1 each	379,412	379,412
	<u>2,529,412</u>	<u>2,529,412</u>

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared and are entitled to one vote per share at general meetings of the Company.

21. Reserves**Capital redemption reserve**

The Capital redemption reserve represents the nominal value of shares repurchased by the Company.

Profit and loss account

The Profit and loss account represents the accumulation of retained profits, net of dividends, which are in the form of distributable reserves.

22. Contingent liabilities

Bank loans in the parent entity are secured against the property and other assets within the Group, including this Company.

EDEN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £606,726 (2021 - £509,895). Contributions totaling £NIL (2021 - £40,043) were payable to the fund at the Balance Sheet date and are included in Creditors: Amounts falling due within one year.

24. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	1,749,977	1,088,806
Later than 1 year and not later than 5 years	2,096,023	2,578,629
Later than 5 years	2,172,108	2,307,745
	<u>6,018,108</u>	<u>5,975,180</u>

25. Related party transactions

The Company has taken advantage of the exemption in Section 33.1A in FRS 102 from the requirement to disclose transactions entered into with its parent company as a wholly owned subsidiary, or with any other wholly owned members of the Group.

The Company has taken the reduced disclosure exemption in Section 33.7 in FRS 102 from the requirement to disclose Key Management Personnel remuneration.

26. Controlling party

The Company's immediate parent undertaking is Eden Automotive Investments Limited, a company incorporated in England and Wales. Eden Automotive Investments Limited is the parent of the smallest and largest Group for which consolidated financial statements are drawn up and made publicly available from Companies House. The registered office is 38-40 Portman Road, Reading, Berkshire, RG30 1JG.

The ultimate controlling party is considered to be G J Potts by virtue of their holding in Eden Automotive Investments Limited.